



DEPARTMENT OF ADMINISTRATIVE SERVICES

STATE OF CONNECTICUT

Senate Bill 387

165 Capitol Avenue
Hartford, CT 06106-1658

An Act Concerning the Use of Remanufactured Parts For The Maintenance and Repair of the State's Motor Vehicle Fleet

Transportation Committee
March 12, 2012

The Department of Administrative Services ("DAS"), as the agency responsible for administering the state-wide fleet, offers the following concerns regarding Senate Bill 387 "An Act Concerning The Use of Remanufactured Parts For The Maintenance and Repair of the State's Motor Vehicle Fleet."

Senate Bill 387 would require the Commissioners of Administrative Services, Motor Vehicles and Transportation "to use recycled, remanufactured or aftermarket parts as the primary means of maintenance and repair of the state fleet, provided the requirements of this subsection shall not apply to any fleet vehicle under the management of the Department of Emergency Services and Public Protection."

While DAS shares the Committee's interest in reducing costs, DAS is concerned that a statutory mandate to use recycled, remanufactured or aftermarket parts as the primary means of maintaining and repairing the fleet would actually have the opposite effect of raising overall fleet-related costs. In some situations, parts from the Original Equipment Manufacturer ("OEM") may have a higher purchase price, but provide better overall value because the labor costs associated with installation of OEM parts are significantly lower than the labor costs associated with non-OEM parts. Additionally, because non-OEM parts may take longer to install and often need to be replaced more frequently than OEM parts, the productivity of both DAS Fleet Operations, as well as our client agencies, is diminished. For example, DAS uses exclusively OEM parts for body work because, in our experience, remanufactured and aftermarket parts do not always fit properly into the vehicles, and may require significantly more time to install. Similarly, in DAS' experience, paying a little extra for OEM brake parts is much more economical for the state than purchasing non-OEM parts because the inferior non-OEM brake parts deteriorated much faster, and thus required more frequent replacements.

The cost savings anticipated by this bill also do not take into consideration that at times non-OEM parts are more costly than OEM parts or are simply not available for the application. Moreover, using non-OEM parts may also result in potentially voiding manufacturer warranties, losing opportunities for rebates, and, on occasion, damage to the vehicle.

DAS does not assert that recycled, remanufactured or aftermarket parts are never appropriate. Indeed, DAS does use new aftermarket parts when, in the judgment of our experienced staff, the aftermarket parts offer an equivalent level of quality and reliability as OEM parts. DAS researches all available parts in order to determine the best overall value, in terms of quality,

price and safety. Indeed, using this "value based" approach to parts replacement has enabled DAS to reduce its total parts inventory by over 70%, from over \$310,000 in June 2008 to under \$90,000 currently. We respectfully suggest that this approach, rather than the blanket mandate embodied in SB 387, is the best method for ensuring that the State's economic interests are served.

Thank you for your consideration of DAS's views regarding this bill. Please feel free to contact Andrea Keilty or Terrence Tulloch-Reid if you have any questions.